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### 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 24

NIKKEI (Page 2) (Full)  
June 25, 2008

09:15

Met Secretary General Ibuki and Executive Council Chairman Nikai at LDP headquarters. Later attended a party executive meeting.

10:02

Attended a cabinet meeting at the Kantei. Administrative Reform Minister Watanabe stayed behind. Later, met Health, Labor and Welfare Vice Minister Edogawa, Health Promotion Bureau Director General Yatsu, and others. Yatsu stayed behind.

11:33

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Met LDP Food Strategy Taskforce head Kato, Yatsu, and others. Yatsu stayed behind.

14:10

Met Foreign Minister Koumura. Followed by International Peace Cooperation Headquarters' Chief of Secretariat Ozawa.

15:01

Met association of lawmakers considering issues of health facilities for recuperation members, including Chairman Taro Nakayama and Secretary General Iijima. Nakayama stayed behind. Later met Cabinet Consultant Nishimura. Followed by Foreign Ministry's Vice Minister Yabunaka and Deputy Foreign Minister Sasae. Later met Ibuki.

16:22

Met former Health, Labor and Welfare Minister Kawasaki and Health Promotion Bureau Director General Nishiyama. Followed by Research Commission on Foreign Affairs Chairman Yamasaki and Research Commission on Security Chairman Nakatani.

17:23

Met Shunji Yanai, chairman of the council on reconstruction of legal basis for national security. Joined by Chief Cabinet Secretary Machimura.

19:38

Made a call of condolence for former Upper House Speaker Inoue at his residence in Chiba.

20:53

Dined with his secretaries and others at a restaurant in Kioicho.

22:48

Returned to his official residence.

### 4) Japan-U.S. summit scheduled for July 6

NIKKEI (Page 2) (Full)  
June 25, 2008

(Hiroshi Maruya, Washington)

The White House announced on June 24 that President Bush will leave the U.S. for Japan on July 5 to attend the Group of Eight Summit (Lake Toya Summit) and return home on the 9th. The President is scheduled to meet Prime Minister Yasuo Fukuda on the 6th. The two leaders are expected to discuss problems with North Korea, including the issue of the U.S. delisting North Korea as a terrorism sponsor. The President was considering a visit to South Korea, but he will visit there on another occasion.

5) U.S. to begin steps to take North Korea off list of terrorism sponsors probably tomorrow; Japan likely to be pressed to revamp strategy on abduction issue

NIKKEI (Page 2) (Slightly abridged)

June 25, 2008

The U.S. government is expected to begin steps to delist North Korea as a state sponsor of terrorism, possibly on June 26 if the North submits a declaration on its nuclear programs the same day as Washington expects. If that becomes the case, Japan may be pressed

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to revamp its strategy on the issue of North Korea's past abductions of Japanese nationals.

Washington's approach to Pyongyang lay behind North Korea's response to Japan's call for holding bilateral talks. If the U.S. reduces the pressure on North Korea, Japan's efforts to resolve the abduction issue will suffer a setback.

Fukuda approves U.S. policy

The U.S. informed Japan that it would start steps to remove North Korea from the blacklist immediately after the North produces a declaration, Foreign Minister Masahiko Koumura said in a press conference yesterday morning. Prime Minister Yasuo Fukuda told reporters yesterday:

"If the nuclear issue is resolved, we should welcome it. There is no difference in opinion (between Japan and the U.S.). Japan has the abduction issue. Cooperation between Japan and the U.S. is necessary."

Washington's designation of North Korea as a terrorism sponsor, however, is an important negotiating card in applying pressure on that nation. Koumura said:

"We have asked the U.S. to let Japan use the U.S. card to move negotiations on the abduction issue forward. The Japanese government wants more cooperation (from the U.S.)."

Koumura intends to ask U.S. Secretary of State Condoleezza Rice in their meeting in Kyoto on June 27 not to weaken pressure on North Korea. Prior to this, Foreign Ministry Asian and Oceanian Affairs Bureau Director General Akitaka Saiki is scheduled to meet U.S. Assistant Secretary of State Christopher Hill in Kyoto.

Battle against clock

The delisting of a nation as a terrorism sponsor comes into effect 45 days after the U.S. government informs Congress of its intention. During this period, the U.S. will look into the content of the declaration. The U.S. says that if it finds the account insufficient, it may not delist the North. In the Japanese government, however, the dominant view is that it is inconceivable that delisting will not go forward unless the account is severely flawed.

Japan wants to turn North Korea's promise in the recent bilateral talks to reinvestigate the abduction issue into a concrete arrangement during the 45 days. That is because the possibility cannot be ruled out that North Korea may delay the reinvestigation once it is delisted.

Voices of concern in LDP

In a meeting yesterday of the Liberal Democratic Party's committee to deal with the abduction issue, chaired by Shoichi Nakagawa, views seeking a cautious response by the U.S. over the issue of delisting North Korea as a terrorism sponsor were presented in succession. Former Prime Minister Shinzo Abe emphasized: "Japan will regret if the U.S. delists the North before the abduction issue is resolved. In such a case, the Japan-U.S. alliance might be negatively affected."

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6) Fukuda to welcome N. Korea delisting if nuclear issue resolved

The U.S. administration is expected to inform the U.S. Congress tomorrow that the United States will remove North Korea from its terrorism blacklist in line with North Korea's declaration of its nuclear programs. In this regard, Prime Minister Yasuo Fukuda indicated yesterday that he would accept the U.S. government's response. "If North Korea's nuclear issue is going to be resolved," Fukuda said, "that is welcome." Fukuda added, "There's no divergence at all (between Japan and the United States)." Fukuda's remarks stand out, as almost no government officials are taking a positive view of North Korea's delisting.

However, Fukuda also said: "Our country will also have to resolve the abduction issue. Japan and the United States will need to keep in touch with each other even more closely."

Meanwhile, Foreign Minister Masahiko Koumura indicated that he would carefully watch the United States' moves. "I don't think the United States will delist North Korea as soon as there is a (nuclear) declaration (from North Korea)," Koumura said. "There are as many as 45 days (until delisting), and the United States may not delist North Korea if there is a problem with North Korea's declaration," he added.

Koumura also referred to the Japanese government's stance, saying: "We'd like to ask the United States to let us use more of the (delisting) card the United States has. I'd like to talk with Secretary of State Rice about the government position." With this, Koumura indicated that he would ask the United States to remain cautious when he meets with Rice on June 27.

The ruling Liberal Democratic Party yesterday held a meeting of its special committee on North Korea's abductions of Japanese nationals, with former LDP Policy Research Council Chairman Shoichi Nakagawa presiding. In the meeting, LDP lawmakers voiced dissatisfaction with the U.S. government's delisting policy. "I wonder how strongly the Foreign Ministry told the United States that this problem could undermine the Japan-U.S. alliance," one of them said. Another was upset, saying, "I think they're too conciliatory to North Korea." Former Prime Minister Shinzo Abe, an advisor to the special committee, also expressed his concern about the United States' attitude, saying, "It's an extremely serious problem."

LDP Secretary General Bunmei Ibuki voiced his displeasure in a press conference: "Japan must say the United States is lowering the bar on the nuclear issue."

Meanwhile, Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), remarked in a press conference yesterday in the city of Nagano: "It means that the United States' global strategy will not be affected by Japan's circumstances at all. The United States said nice things to the families of those abducted to North Korea, but in the end, it does not give them any consideration."

7) Government to urge U.S. to thoroughly examine North's nuclear declaration regarding delisting; G-8 foreign ministerial to begin

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tomorrow; Tokyo to apply pressure on Pyongyang

North Korea is expected to present a declaration of its nuclear programs and the United States is likely to begin delisting the North as a state sponsor of terrorism on June 26. Given the situation, the government will urge the U.S. government to make a decision to delist the North after closely examining the contents of the declaration. Secretary of State Condoleezza Rice is scheduled to visit Japan to attend the G-8 foreign ministerial to be held on June 26-27 in Kyoto. She will hold talks with Foreign Minister Masahiko Koumura on the 27th. In the session, Koumura is expected to urge

Washington to thoroughly examine the North's declaration even after notifying U.S. Congress of its decision to delist the North and to continue giving consideration to the abduction issue.

Koumura delivered a speech in Tokyo yesterday in which he first pointed out the North Korean issue as a topic on the agenda of the G-8 foreign ministerial, saying: "I would like to see the G-8 urge the North to abandon all its nuclear weapons and nuclear programs. I would also like to see the group send a strong message to the international community for early settlements of humanitarian issues, such as the abduction issue." Washington is expected to notify Congress of its decision to delist the North on June 26 following Pyongyang's nuclear declaration earlier in the day. Chances are high that Secretary Rice will formally announce the step during the foreign ministerial.

As such, in the Japan-U.S. foreign ministerial, Tokyo is expected to underline the importance of verifying the contents of the declaration before the North dismantles its nuclear programs and of the international community's future steps.

Secretary Rice has indicated that the United States "will not leave the abduction issue behind after delisting the North." New Komeito Representative Akihiro Ota said to the press yesterday: "There are many ways to achieve the final goal of settling the abduction and nuclear issues. Japan and the United States are in close cooperation." Japan intends to apply pressure to the North by confirming close cooperation with the United States.

8-1) No prospects for progress on abduction issue in sight; Japan loses leverage in talks due to U.S. decision to delist the North as terrorism-sponsoring nation

ASAHI (Page 2) (Excerpts)  
June 25, 2008

Tokyo's fears have turned into reality. The United States is expected to delist North Korea as a state sponsor of terrorism before any progress is made on Pyongyang's promise to reinvestigate the abduction issue. Losing the diplomatic leverage to press Pyongyang for action, the government is having difficulty finding the next step that can break the gridlock in relations with North Korea.

It became inevitable yesterday that the United States would take the North off its list of terrorism-sponsoring nations. Prime Minister Yasuo Fukuda yesterday said ostensibly calmly to the reporters: "If the North Korean nuclear issue moves toward a resolution, we should

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welcome it." Asked if he would urge President George W. Bush to forgo delisting the North, the prime minister said: "The nuclear and abduction issues are closely linked to each other. Aside from the Department of State, President Bush is well aware of Japan's standpoint."

The same phrase has often come from high-ranking government officials and senior Foreign Ministry officials.

Japan has heavily relied on President Bush, who met with Sakie Yokota, the mother of abductee Megumi Yokota, and other family members of Japanese abductees, and expressed strong interest in the abduction issue. During the Japan-U.S. summit last November, Washington indicated that it would delist the North before the end of the year. President Bush also said that he would consider Japan's standpoint (in delisting the North). Japan has pinned hopes on his words.

8-2) Japan to press the North harder during 45 days

ASAHI (Page 2) (Abridged slightly)  
June 25, 2008

The option of delisting North Korea as a state sponsor of terrorism has been a powerful bargaining tip in talks with the North. Without that tool, Japan might find it extremely difficult in dealing with

the North.

Foreign Minister Masahiko Koumura said in a press conference yesterday: "We will make efforts to let us use the 'delisting card' effectively." Koumura revealed a plan to urge Washington once again to use the "delisting card" while giving consideration to Japan through in his talks with U.S. Secretary of State Condoleezza Rice to be held on June 27 in Kyoto.

Japan has other leverages, such as economic aid and energy assistance. Above all, Tokyo regards the option of diplomatic normalization as the most powerful leverage. Former LDP Secretary General Taku Yamasaki who chairs the Parliamentary League to Promote Diplomatic Normalization between Japan and North Korea yesterday positively described (the delisting) as a step toward the third phase leading to the abandonment of nuclear programs by the North. Yamasaki also indicated that once progress is made on the nuclear issue, Japan, too, should naturally extend energy aid to the North irrespective of the abduction issue.

Nevertheless, whether such an approach can produce immediate results in dealing with the North, which can expect loans from international organizations following the delisting, remains unknown.

The U.S. government is required to notify Congress of its decision to delist the North 45 days before the step takes effect. With its back against the wall, Tokyo now pins hopes on the 45 days. The government intends to press the North harder via the United States through this period, with Koumura saying, "(If North Korea's nuclear declaration) is found out to be insufficient, Washington might renege on its decision."

In order for U.S. Congress to block the delisting, new legislation is necessary, and such a development is unlikely. Once the North is delisted, Pyongyang might opt not to fulfill its pledges with Japan, such as the reinvestigation into the abduction issue.

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9) Japan to ask U.S. to place importance on abduction issue

YOMIURI (Page 2) (Full)  
June 25, 2008

North Korea is expected to provide a declaration of its nuclear programs as early as tomorrow, and the United States is expected to delist the North as a state sponsor of terrorism. Following these moves, the Japanese government intends to call on Washington to give consideration to the abductions of Japanese by North Korea when it decides to delist and to urge Pyongyang to make progress on the abduction issue. It plans to take advantage of the upcoming Group of Eight (G8) foreign ministerial and the Hokkaido Toyako G8 summit.

Prime Minister Yasuo Fukuda last night told the press:

"If (delisting North Korea) brings a settlement to the North Korean nuclear issue, it should be welcomed. Since our country has the abduction issue, we should resolve it. To that end, as well, close cooperation between Japan and the United States is necessary."

The Japanese government has taken the position that the Bush administration will neither put on the back burner the abduction issue nor forget it, as Secretary of State Condoleezza Rice said. It is therefore expected to call on the U.S. government to strengthen its pressure on North Korea to achieve progress on the abduction issue during the period of 45 days from the notification to the effective date.

10) Six-party talks to resume as early as next week

YOMIURI (Page 2) (Full)  
June 25, 2008

A senior Foreign Ministry official revealed to the press yesterday in Tokyo that the next round of the six-party talks on North Korea's nuclear programs will be held as early as next week.

Following the expectation that North Korea will present a declaration of its nuclear programs on June 26, the senior official stated: "(The six-party talks) will be resumed probably next week. It is a good idea to hold the talks before the Group of Eight Hokkaido Toyako summit, which will begin on July 7." The verification of North Korea's nuclear declaration will likely be the main topic of discussion.

11) MSDF ship makes 1st visit to China

ASAHI (Page 1) (Full)  
June 25, 2008

ZHANJIANG, Guangdong, China-The Sazanami, a Maritime Self-Defense Force destroyer, arrived yesterday in the city of Zhanjiang in China's Guangdong Province as part of a defense exchange program between Japan and China. The Sazanami is the first MSDF vessel to visit China. Its crew handed over relief goods, including blankets, for those affected by the recent Sichuan earthquake.

Raising the flags of Japan and China, the Sazanami arrived at a naval port, with about 240 onboard. The MSDF ship was greeted by about 400 Chinese sailors. Su Shiliang, commander of the PLA Navy's

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south sea fleet, welcomed the Sazanami: "I believe that the visit will lead to strengthening our two countries' friendship and confidence-building measures."

12) MSDF vessel's first port call in China: Anti-Japanese public opinion smoldering: Hu leadership expanding exchanges cautiously

MAINICHI (Page 7) (Full)  
June 25, 2008

(Zhanjiang, Guangdong Province, China)

The Maritime Self-Defense Force (MSDF) escort ship Sazanami on June 24 made a port call in Zhanjiang, where the Nanhai Fleet Command Center of the Chinese Navy is located, for the first time as an MSDF vessel. Anti-Japanese sentiment is still smoldering in China, including in the military. Strong wishes of the Hu Jintao leadership, which attach importance to Japan-China relations, seem to be behind the Chinese military's acceptance of a port call by an MSDF vessel.

Japanese reporters at a press conference held after the ceremony asked Commander Su Shiliang of the Nanhai Fleet Command Center whether the SDF is hated in China. However, Su cut short the question and did not touch on wartime history.

On the other hand, Su underscored, "Japan dispatched rescue and medical teams immediately after the earthquake in Sichuan. We appreciate that from the bottom of our hearts." His comment indicated the Chinese military's will to mitigate a backlash against the SDF, by making a public appeal to a domestic audience on Japan's contribution. Following the quake, the governments of Japan and China were considering transporting relief goods to China, using the Air Self-Defense Force's transport plane. However, the Japanese media's report noting that China asked the dispatch of SDF personnel brought a fierce backlash. For this reason, relief goods, such as blankets, the Sazanami brought to China this time were treated as consolation gifts that were not given at the request of China.

Hong Kong journal "Weekly Yazhou," which is versed in the internal situation of the Chinese military, in its latest issue reported a negative mood toward the port call by the MSDF vessel, quoting a high-ranking Chinese military officer's statement: "It will take a certain period of time until the furor over the MSDF airlifting relief goods to China subsides. The Chinese military is doing its utmost in quake relief activities. The atmosphere is not appropriate for a Japanese vessel (SDF vessel) to visit China."

The negative mood in the Chinese military has also cast a pall over exchange events. The Sazanami has about 240 crewmen, including those



belongs to a musical band. Exchange activities are limited to on-the-base events. A concert planned to be held in the city center was cancelled for security reasons.

A diplomatic source in Beijing explained: "It is essential for defense officials of Japan and China to build confidence for a stable bilateral relationship. The Chinese leadership is cautiously pressing ahead with such an effort so that it will not stir up domestic public opinion."

13) MSDF vessel's port call to China: Japan, China have to advance defense exchange, keeping in mind distrust of Japan in China

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NIKKEI (Page 2) (Excerpts)  
June 25, 2008

(Ken Sato, Zhanjiang, Guangdong Province, China)

The Maritime Self-Defense Force (MSDF) escort ship Sazanami's port call to China demonstrates that confidence-building between Japan and China on the security front has entered a new stage. The Chinese military's distrust in Japan tended to undermine Japan-China relations, but bilateral relations are now at a turning point. As seen from the cancellation of the Air Self-Defense Force's plan to dispatch a relief team to China to rescue victims of the massive earthquake in Sichuan Province, many Chinese people are allergic to the SDF. Japan and China will have to advance bilateral defense exchange while keeping in mind public feelings in China.

A member of China's South Sea Fleet told reporters on June 24: "The mutual visits of both countries' naval ships will lead to strengthening mutual trust in the security area and promoting their strategic mutually-beneficial relationship." Shinichi Tokumaru, commander of the MSDF's Escort Flotilla 4, also emphasized: "Bilateral exchange will contribute to maintaining peace and stability in the Asian region."

The Sazanami's port call comes in return for the port call to Japan by a PLA Navy missile destroyer last November. The mutual visits of Japanese and Chinese naval vessels have been realized about 10 years after the two countries signed a basic agreement in May 1998. Behind the delay are the issues of prime ministerial visits to Yasukuni Shrine, as well as anti-Japanese sentiment and wariness toward Japan in the military on the Chinese side. The selection of Zhanjiang in Guangdong Province, which has attracted little attention unlike Tianjin or Shanghai, as the calling port reflects these circumstances.

Even so, there are still deep-seated reactions in China. Rear Admiral Yang Yi said: "The port call by a vessel with the Japanese flag will easily remind us of our painful memory." On the Internet on June 24, a typical comment went: "(The Chinese government) has approved the revival of Japan's militarism."

14) Collective self-defense acceptable: report

MAINICHI (Page 2) (Abridged)  
June 25, 2008

A government advisory panel for rebuilding the legal foundation of Japan's national security submitted a report yesterday to Prime Minister Yasuo Fukuda, recommending the government allow Japan to exercise its right to collective self-defense, which is prohibited under the government's current constitutional interpretation. The panel studied four cases for Japan's participation in collective self-defense, with former Ambassador to the United States Shunji Yanai presiding. The panel report suggests the need for the government to change its constitutional interpretation. However, Fukuda will not approve collective self-defense.

The panel report proposes allowing Japan to participate in collective self-defense in order for Japan's Self-Defense Forces to guard U.S. naval vessels in international waters and intercept U.S.-bound ballistic missiles. The report also proposes

reinterpreting the Constitution to allow SDF members to use weapons in order to protect foreign troops coming under attack. In addition, it recommends the government allow SDF personnel to back up foreign troops in a combat zone.

15) Extra Diet session likely to open on August 22

YOMIURI (Page 4) (Full)  
June 25, 2008

Democratic Party of Japan (DPJ) Diet Affairs Committee Chairman Kenji Yamaoka, in a speech delivered in Atami, Shizuoka Prefecture, said that chances are high that the next extraordinary Diet session will be convened on August 22.

Yamaoka then stated:

"(The DPJ) should conduct its presidential election in early September. The ruling camp is considering starting interpellation on 25th and compiling a (supplementary) budget before the end of August."

16) Storm of criticism against "big-boned reform policy guidelines" draft; LDP forgoes approving it

TOKYO SHIMBUN (Page 2) (Full)  
June 25, 2008

The ruling Liberal Democratic Party (LDP) yesterday deliberated on a "big-boned reform policy guidelines for fiscal 2008" draft compiled by the government in its Policy Research Council. Since many council members criticized the policy of curbing expenditures being maintained, the LDP forwent approving it. Although the LDP leadership intends to secure approval from the policy board today, the deliberations are expected to encounter difficulties.

In the meeting, council members actively criticized the draft, with one saying: "Why should the 'big-bone reform policy,' which was a cause of our defeat in the House of Councillors election, be continued?" Another said: "If the policy is shifted, the LDP will be defeated by the Democratic Party of Japan (DPJ)." Another was heard to remark: "The phrase that 'expenditures will be cut to the fullest extent' should be omitted."

Regarding specific items, a policy of slashing social security costs by 220 billion yen per year came under fire, with one member saying: "A natural increase in the social security expenditure has been constrained by reform of the system. It is strange to continue cutting the costs." Some members called for boosting education spending.

SCHIEFFER